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FOR IMMEDIATE RELEASE

PUBLIC SERVICE COMMISSION DENIES AQUILA RATE REQUEST

LINCOLN – The Nebraska Public Service Commission denied a request by Aquila, one of three privately owned natural gas companies serving Nebraska customers, for what Aquila had called “limited cost recovery.” The Commission regulates the rates and services of the three privately owned companies.

The unanimous decision by the Commission came at its weekly meeting on Tuesday.

In its denial of the Aquila application, the Commission found that Aquila’s filing was, in essence, a general rate increase because “Aquila’s proposal specifically seeks an overall increase to its revenue.” For that reason, the Commission said, the Aquila filing “fits squarely within the definition of a ‘general rate filing’” and must be handled through the procedures that apply to general rate filings. Aquila asked for an additional \$1,057,936 in annual revenue, approximately 50 cents per customer per month.

Aquila, which alleged that it was not making a general rate filing, contended that the Commission has the authority to establish an alternate rate procedure to seek smaller increases more frequently than in a general rate filing.

First District Commissioner Frank Landis, the hearing officer on Aquila’s application, said the Commission is open to ideas, options, and methods for increasing efficiency and lower costs of regulation. “But we still have to do it within the bounds of the statutes.”

The Nebraska Legislature provided for regulation of Nebraska’s private natural gas retailers by the Public Service Commission in 2003. The law also established a public advocate position. Public Advocate Roger Cox recommended denial of Aquila’s application, contending it is not permissible under existing statutes and is contrary to public policy.

Aquila filed the application on August 1. After the Public Advocate intervened, the Commission separated the application into two phases, one to address whether Aquila’s application is permissible under existing statutes and consistent with public policy considerations. The second would have addressed the merits of the application.

The Commission denied the application in the first phase of its consideration.

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